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TAGS: [PREL](#) [PARM](#) [MARR](#) [ETTC](#) [IT](#) [IR](#)
SUBJECT: FASTBOATS REVISITED: ITALIAN FIRM'S SHIPMENT OF
MARINE DIESEL ENGINES TO IRAN

REF: A. STATE 179794
[1](#)B. 2004 ROME 2829

Classified By: EcMin Thomas L. Delare for reasons 1.4 (b) and (d)

[1](#)1. (U) This is an action request. See paragraph 6.

[1](#)2. (S) Summary. Embassy delivered Ref A demarche, regarding the export of marine diesel engines to Iran, to officials at the Italian Ministries of Foreign Affairs (MFA) and Foreign Trade (MFT). Both officials expressed surprise that the exports had taken place, questioned whether the engines are included in Munitions List 9 of the Wassenaar Arrangement, and said they would follow-up with the exporter and other GOI agencies to get to the bottom of the matter. End summary.

[1](#)3. (S) On November 3, EconCouns delivered Ref A demarche to Carlo Tripepi, the MFA Office Director responsible for Italian Munitions Exports (and former Director of the Office that oversees Italian participation in the Wassenaar Arrangement). EconCouns noted the Embassy has raised repeatedly over past four years our concerns regarding Italian exports of fastboats and their component parts to Iran and that our concerns regarding the export of marine diesel engines to Iran are very similar to our concerns regarding the earlier export of Italian-manufactured fastboats. Tripepi expressed surprise that the Isotta Fraschini Motori Company had gone forward with the export, "They are a sophisticated company and know Iran is a sensitive destination," and noted MFA Director General for Multilateral Economic Affairs had asked Isotta Fraschini not to pursue exports to Iran.

[1](#)4. (S) Tripepi took issue with our assertion that the engines in question are covered by Munitions List 9 of the Wassenaar Arrangement, and said the engines could be exported to Iran without a GOI export license because they are not covered by the Wassenaar Arrangement. (Note: This is virtually identical to the GOI response to USG efforts to halt the export of fastboats to Iran. End note.) WiQut the legal coverage of the Wassenaar Arrangement Tripepi said the GOI "is obliged to invent new procedures" outside of normal legal channels to stop exports of dual-use goods. Tripepi observed that in the wake of the fastboats' export, the GOI asked the USG to have fastboats and their components added to the Wassenaar Arrangement's Munitions List, and that it is possible the boats and engines were added without the GOI's knowledge. He said he would double-check the Wassenaar Arrangement Munitions Lists and, if he found the engines are included, would refer the export to the Ministry of Justice.

[1](#)5. (S) In a November 7 meeting with EcMin, Amadeo Teti, MFT Director General for Commercial Agreements echoed Tripepi's assertions that the engines are not covered by the Wassenaar

Arrangement and can be exported legally without an export license. Teti agreed with EcMin's assertion that now is not the time for business as usual with Iran, but observed that if the engines are not covered by the Wassenaar Arrangement, the GOI does not have the legal authority to stop their export. Teti said he would look into the matter and share with the Embassy any information he finds, including technical specifications of the engines.

¶6. (S) Comment and action request: Both Tripepi and Teti are valued interlocutors who have previously shown willingness to cooperate with the USG on export control issues. In the case of the fastboats, Teti noted the final shipment was stopped when the GOI purchased the last boat for use by the Guardia di Finanza, part of the Italian armed forces. The export of marine engines to Iran highlights the need for closer coordination between the USG and GOI on export control issues. Post notes that the regular biennial export control consultations between Italy and the United States have not been held since 2004 (reported Ref B) and welcomes Department views on holding USG-GOI consultations in the spring. End comment and action requested.
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